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United Nations Industrial Development Organization

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**Industrial Development Board**
Twenty-fourth session
Vienna, 19-22 June 2001
Item 13 of the provisional agenda

# RECOMMENDATION OF A CANDIDATE FOR THE POST OF DIRECTOR-GENERAL

**Candidates for the post of Director-General**

Note by the Secretariat

1. Article 11.2 of the Constitution stipulates that "the Director-General shall be appointed by the Conference upon recommendation of the Board for a period of four years". The General Conference, at its seventh session, appointed Mr. Carlos A. Magariños as Director-General of UNIDO for a period of four years from 8 December 1997 or until the Director-General appointed at the ninth regular session of the General Conference assumes office, whichever is later (decision GC.7/Dec.18).

2. In accordance with rule 61.2 of the rules of procedure of the Board, "To be eligible for consideration, nominations of candidates must be received by the President of the Board at the latest two months prior to the opening date of the last regular session of the Board before the Conference which is to appoint the Director-General." Therefore, as announced in a note verbale circulated to Ministries of Foreign Affairs, the deadline for receipt of nominations by the President of the Board was 18 April 2001.

3. The candidatures received by the President as of 18 April 2001 are, in alphabetical order of country name, the following:

Mr. C. A. Magariños (Argentina)
Mr. A. Ouedraogo (Burkina Faso)

4. The curricula vitae provided by the candidates appear in annex I to the present note.

5. The procedure to be followed by the Board for the appointment of the Director-General is outlined in rule 61 of the rules of procedure of the Board, which is reproduced as annex II to the present document.

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**Annex I**

**CURRICULUM VITAE**

**Carlos Alfredo Magariños**

Since December 1997, Carlos Alfredo Magariños has been Director-General of the United Nations Industrial Development Organization (UNIDO). He was elected for a four-year term by an overwhelming majority of the Organization's 169 Member States making him the first Argentine as well as the youngest person to head a United Nations specialized agency.

Within the United Nations family, UNIDO is responsible for reducing poverty through sustainable industrialization in developing countries and those with economies in transition and playing a key role as a global forum for competitive economies.

During his first two years of office, the Director-General implemented an aggressive reform programme that has received worldwide recognition. Greater confidence in the Organization has brought full budgetary backing as well as an increase in voluntary contributions. The administrative and financial changes and the focusing on selective core services were a complete turnaround for UNIDO that could serve as a model.

*Professional experience*

The Director-General's experience in industry and trade goes back well before his entry into the international arena. At the age of 31, he was named State Secretary for Industry and Mining of Argentina during the first term of President Carlos Menem (1993-1996). Previously he occupied the position of National Director for Foreign Trade (1991-1993) - awarded through public competition - and Under-Secretary of State for Industry (1992-1993).

He was a key member of the Economic Cabinet directed by Domingo Cavallo, who was responsible for the design and implementation of an ambitious and radical programme of reforms that allowed the country to stabilize its economy and return to growth at the beginning of the 1990s. In this context, he participated in reducing import duties to stimulate competition, eliminating special controls and reforming industrial promotion systems, deregulating markets for goods and services, creating modern institutions aimed at assuring free commercial exchange (such as the National Commission for Foreign Trade), developing a new framework to assist small- and medium-sized enterprises approved by Congress in 1995, and promoting sectoral policies (such as the Automobile Regime).

In 1996 he became Economic and Trade Representative of the Argentine Government in Washington, D.C., with the rank of Ambassador and State Secretary, where he remained until elected Director-General of UNIDO.

*Education*

After graduating from the National University of Buenos Aires with a master's degree in business administration, he was Associate Professor of Microeconomy (1986), Technical Coordinator in Research Methodology of Investigation (1987) and Assistant Professor of Foreign Trade Institutions (1989) in Buenos Aires. He studied in Italy at the International Development Law Institute where he followed courses in the structure of foreign debt negotiations (1990). He was also associate professor of Argentine and Latin American economic issues at Salvador University, Buenos Aires (1990) and taught on the subject of imports and exports by small- and medium-sized enterprises at the University of Belgrano, Buenos Aires (1990). In 1997, he studied mergers and acquisitions at The Wharton School of the University of Pennsylvania.

*Public life*

Carlos Magariños is the author of numerous articles and research works and in May 1995 published the book, *El rol del estado y la política industrial de los '90* (The Role of the State and Industrial Policy in the '90s). Recently, he has been completing a book relating to the current agenda of reforms for least developed countries. The book concentrates on the imperative of transferring technology, skills and information to enable least developed countries to reach the global market.

While representing Argentina, Carlos Magariños was invited to participate as a speaker, panellist and discussion partner in numerous forums and institutions worldwide as well as diplomatic and academic institutions, including meetings of the IMF/World Bank and WTO. He has spoken at Oxford University and Lomonosov State University, Moscow, which awarded him with the title of Professor Honoris Causa for his contribution to the process of United Nations reform (1999). In addition, he has received awards from various institutions and Governments.

*Personal details*

Carlos Magariños was born in Buenos Aires, Argentina, on 16 August 1962. He is an accomplished guitarist and sportsman who regularly practices martial arts, tennis and swimming. In 1989, he married Maria José Santambrogio, a sociologist and specialist in environmental issues.

## CURRICULUM VITAE

### Ablassé Ouédraogo

Mr. Ablassé Ouédraogo assumed the office of Deputy Director-General of the World Trade Organization (WTO) on 13 November 1999. Born on 30 June 1953, Mr Ouédraogo's higher education culminated in a master's degree and doctorate in economics from the University of Nice, France. Throughout his career, Mr. Ouédraogo assumed many responsibilities for the Government of Burkina Faso and for various institutions in the United Nations system, including the United Nations Development Programme (UNDP) and the United Nations Industrial Development Organization (UNIDO). Mr. Ouédraogo is married to Jeanne Rahatoka and has two children.

Before his appointment to WTO, Mr. Ouedraogo was for five years (1994 to 1999) the Minister of Foreign Affairs of his country. In that capacity, he orchestrated a diplomacy of opening Burkina Faso to the world and of mediating for peace in Africa and in the world. This policy enabled Burkina Faso to enhance its international reputation and to be the venue for such major events as the Summit of Heads of State of France and Africa (December 1996), the Summit of Heads of State and Governments of the Organization of African Unity (July 1998) and the African Football Cup of Nations (February 1998). Mr. Ouedraogo served as Burkina Faso's Head of Delegation at many Ministerial Meetings in Africa and elsewhere and chaired the Council of Ministers of the Organization of Africa Unity (OAU) in 1996 and 1998. From February 1999 onwards, Mr. Ouedraogo was Special Adviser to the President of Burkina Faso.

During his career within the United Nations system, from 1982 to 1994, Mr. Ouédraogo held the following posts: Regional Director of the United Nations Sudano-Sahelian Office (East African Region) in Nairobi, Kenya, responsible for the follow-up to the activities of IGADD, SADCC, the OAU and UNEP, from 1993 to 1994; Deputy Resident Representative of the United Nations Development Programme (UNDP) in Kinshasa, Zaire, from 1991 to 1993; Deputy Resident Representative and Officer-in-Charge of UNDP in Brazzaville, Congo, from 1988 to 1991; Deputy Representative of UNDP to the Organization of African Unity and Deputy Chief in the Liaison Office with the United Nations Economic Commission for Africa (ECA) in Addis Ababa from 1986 to 1988; Programme Officer of UNDP in Conakry, Guinea, from 1984 to 1986; and Junior Professional Office of the United Nations Industrial Development Organization (UNIDO) in Niamey, Niger, from 1982 to 1984.

Among Mr Ouedraogo's publications are: *Reflexions sur la crise industrielle en France* (Reflections on the Industrial Crisis in France), University of Nice, 1979; and *Les firmes multinationales et l'industrialisation des pays en voie de développement* (Multinational Companies and the Industrialization of Developing Countries), University of Nice, 1981.

## Annex II

### Rule 61

*Procedure for the appointment of the Director-General*

1 Except as otherwise provided herein, the rules covering elections in the Board as appropriate, shall apply.

2 A candidate for the post of Director-General shall be nominated in writing by his/her Government to the President of the Board. To be eligible for consideration, nominations of candidates must be received by the President of the Board at the latest two months prior to the opening date of the last regular session of the Board before the session of the Conference which is to appoint the Director-General. The President shall request the Secretariat to circulate such candidatures to all Members without delay. A candidature may be withdrawn at any stage by the candidate or by the nominating Government.

3 The consideration by the Board of the nominations shall be in private meetings.

4 All decisions as to candidates shall be taken by secret ballot.

5 A first series of ballots, not exceeding the number of candidates, shall be taken among all the candidates. If any candidate receives a two-thirds majority of the votes of all members of the Board, that candidate shall be recommended to the Conference.

6 If no candidate is recommended on the basis of the first series of ballots, after appropriate consultations a second series shall be held among all the candidates, with a two-thirds majority of the members present and voting required for a recommendation. After each ballot, the candidate receiving the fewest votes shall be removed from consideration during the remainder of the second series of ballots and balloting shall continue until no more than two candidates remain, whereupon no more than two further ballots shall be taken.

7 If no candidate is recommended on the basis of the second series of ballots, after appropriate consultations a third series shall be held among all the candidates, with a simple majority of all members of the Board required for a recommendation. After each ballot, the candidate receiving the fewest votes shall be removed from consideration during the remainder of the third series of ballots and balloting shall continue until no more than two candidates remain, whereupon no more than two further ballots shall be taken.

8 If no candidate is recommended on the basis of the third series of ballots, a fourth series of no more than three ballots shall be held between the two remaining candidates, with a simple majority of the members present and voting required for a recommendation.

9 If no candidate is recommended on the basis of the fourth series of ballots, additional candidates may then be nominated. The process of balloting as described in paragraphs 5 to 8 above shall be followed again.

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United Nations Industrial Development Organization

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# Industrial Development Board

Twenty-fourth session
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Item 11 of the provisional agenda

## ACTIVITIES OF THE JOINT INSPECTION UNIT

### Follow-up to JIU recommendations

Report by the Secretariat

Reports on the development of a system of follow-up to JIU recommendations, as requested by the Board in decision IDB.22/Dec.7

### Introduction

1. The present report updates the information provided by the Secretariat and the Joint Inspection Unit (JIU) to the twenty-third session in documents IDB.23/16, IDB.23/12 and IDB.23/12/Add.1, which provide detailed background information to the development of a pilot scheme for follow-up to recommendations of JIU. The pilot scheme outlined below has been prepared in consultation with JIU. It is understood that this initial approach is subject to review and adjustment, as warranted by experience in its actual application, and in consultation with JIU. The scheme is fully in line with the provisions of the Rules and Procedure of the Industrial Development Board.

### I. PILOT SCHEME

2. The provisions of the JIU statute (in particular, chapter IV) and the follow-up system contained in annex I of the JIU annual report of 1997 (A/52/34) constitute the basic framework for the handling of JIU reports.

3. Upon receipt of the draft of a JIU report for comments, the Director-General will include in his comments an indication whether the report is, in his opinion, relevant to UNIDO, and, if not, provide reasons.

4. Basic criteria to determine the relevance of reports to UNIDO will be whether the report in question and the recommendations therein satisfy any one of the following factors: (a) fits within the mandate and purposes of the Organization; (b) has a bearing on the efficiency of the services and proper use of funds; (c) is aimed at improving management and methods, and at achieving greater coordination between organizations; (d) is aimed at assisting the Industrial Development Board in carrying out the responsibility for external evaluation of programmes and activities; (e) is aimed at advising the organization on the methods for internal evaluation, or periodically assessing these methods, or making *ad hoc* evaluations of programmes and activities.

5. JIU will give full consideration to the comments called for in paragraph 3 above in deciding whether or not to submit the final version of the report to the

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Director-General, in accordance with article 11, paragraph 4 (a) of the JIU statute,[1] for consideration by the Industrial Development Board.

6. JIU reports of relevance thus received will be circulated by the UNIDO Secretariat to the Permanent Missions accredited to UNIDO, with or without the comments of the Director-General.

7. In accordance with the provisions of rule 10 of the Rules of Procedure of the Industrial Development Board, the Director-General shall draw up the provisional agenda for each session. The Director-General will propose how JIU reports are to be worked into the provisional agenda for one session per year. In doing so, the Director-General will pay due regard to the provision of United Nations General Assembly resolution 50/233, paragraph 4, that "... the thematic reports of the Unit [be] listed under the appropriate substantive agenda ...".

8. In years when there are two regular Board sessions, only one will consider JIU reports except in cases where a report is sufficiently compelling to warrant the consideration of JIU reports by both sessions. In such cases, the rules provide the flexibility for the proposed inclusion of an appropriate item in the provisional agenda.

9. The format of documents submitted to the Board by the UNIDO Secretariat concerning JIU reports will be modified, without necessarily increasing their length, so as to be more action-oriented. They will contain any comments that the Director-General may wish to submit on the recommendations contained in the reports as well as (a) an indication of which of those addressed to him are acceptable to him, and (b) inviting the Board to take specific decisions (endorse, modify or reject) with regard to those recommendations requiring legislative action. It is understood that consideration by the Board will focus mainly on the recommendations addressed to it for action. This will not, however, preclude the review by the Board of recommendations addressed to the Director-General and any comments thereon, should it so wish.

10. In the context of paragraph 9 above, and in the interest of efficient use of in-session time, Member States may wish to bear in mind that any proposed draft decisions could be reviewed prior to sessions in informal consultations.

11. On the basis of the status of the Unit as a subsidiary body of the legislative organs of UNIDO, the Unit will be entitled, when it deems necessary, to introduce its reports to the Industrial Development Board, subject to the permission of the President of the Board in accordance with rule 34 of the Rules of Procedure of the Board.

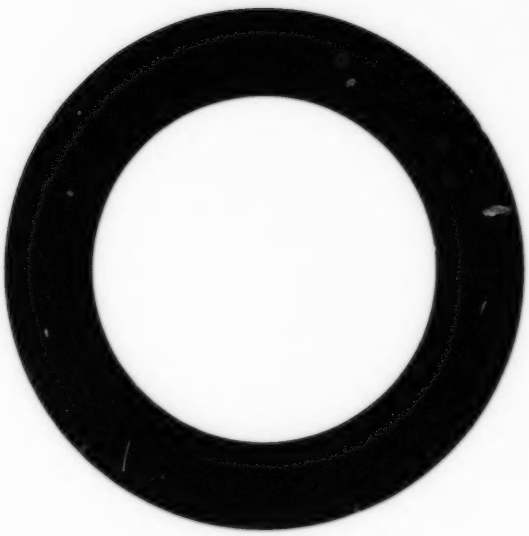
12. The Director-General will regularly submit to the Industrial Development Board status reports concerning the measures taken on the implementation of approved recommendations (including recommendations addressed to and accepted by the Director-General) of the Unit. This would normally be done by way of a matrix providing an overview of current status, as contained in annex I of the JIU annual report of 1997 (A/52/34).

13. The follow-up of JIU recommendations will also be supported by the new UNIDO oversight recommendations tracking system. Following a survey to identify a state-of-the-art system for following up recommendations emanating from the External Auditor, the UNIDO Office of Internal Oversight and Evaluation as well as the JIU, a software recommended by the Institute of Internal Auditors will be acquired and installed in the current year.

## II. ACTION REQUIRED OF THE BOARD

14. The Board is invited to endorse the pilot scheme of follow-up to JIU recommendations outlined in the present document.

[1] As an illustrative example, in the year 2000, seven JIU reports were issued in total, of which five were directly relevant to UNIDO. These five reports listed a total of 48 recommendations, i.e. an average of almost 10 recommendations per report. Of the 48 recommendations, 13 were earmarked for Member States whereas the remaining 35 recommendations were addressed to the executive heads and the secretariats.



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# Industrial Development Board

Twenty-fourth session
Vienna, 19-22 June 2001
Item 6 of the provisional agenda

# FINANCING UNIDO PROGRAMMES, INCLUDING NEW INITIATIVES FOR FUNDS MOBILIZATION

Report by the Director-General

Updates information provided in recent documentation on the level of the Industrial Development Fund, individual contributions to technical cooperation activities, progress in the implementation of integrated programmes, and developments with respect to UNIDO and the Global Environment Facility.

## Introduction

1. The present document addresses the following mandates:

- Decision IDB.22/Dec.2 on financing the integrated technical cooperation programmes in developing countries, which requested the Director-General to report to the twenty-fourth session on the level of the Industrial Development Fund (IDF) and on individual contributions to technical cooperation activities. Supplements information provided in the Annual Report 2000 (IDB.24/2, chap. V.E and appendix B, and IDB.24/2/Add.1);
- Decision IDB.23/Dec.7 on integrated programmes, in which the Board called for a report on progress in the implementation of integrated programmes and on the overall situation of funds mobilization. Updates relevant information provided in various parts of the *Annual Report 2000* (IDB.24/2);
- Resolution GC.8/Res.2 on the Global Environment Facility (GEF). Highlights selected recent developments with respect to GEF in UNIDO's operational programme that are covered in greater detail in document IDB.23/12.

2. Reference should be made to *the Annual Report 2001* for detailed information on funds mobilized and the overall situation in respect of the Industrial Development Fund (IDB.24/2, chap. V.E and appendix B) and to the addendum containing a list of technical cooperation activities approved or under implementation in 2001 (IDB.24/2/Add.1).

## I. INTEGRATED PROGRAMMES

3. Since its initial elaboration and inception, as described in detail in the *Annual Report 1998* (IDB.21/10, part one), the integrated programme approach has been monitored and adjusted in response to developments over time. As of 30 April 2001, 43 programmes had been developed with a total volume of some $256 million (including support costs). Funds available for these programmes amounted to $65.8 million. A detailed overview is shown in annex I to the present document. In addition, some $4 million of earmarked donor funds are being programmed, and future payments under signed agreements amount to $6 million. Total funds available to integrated programmes therefore amount to $76 million. As has been the practice at recent sessions, updated information on the progress of the individual programmes will be distributed during the session.

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4. Annual funds mobilized for the integrated programmes increased from $23.7 million in 1999 to $32.4 million in 2000. The chart in annex II shows the composition of funds mobilized per year. It is anticipated that by the end of 2001 total funds available to the integrated programmes will approach $100 million.

## II. GLOBAL ENVIRONMENT FACILITY

5. Documents issued to recent sessions of the Board reflected important developments and growing potential with respect to the Global Environment Facility (GEF) in UNIDO's operational programme (IDB.22/4, IDB.23/11). That information is updated in chapter I of document IDB.24/12 on environment-related activities. In addition to providing concrete examples of approved or pipeline projects for GEF funding, the documents illustrate the range and intensity of activities undertaken for the successful cultivation of an organizational strategy to address the mandates contained in General Conference resolution GC.8/Res.2 on GEF and technical cooperation activities. This comprehensive approach represents a special new initiative for funds mobilization in UNIDO. While details are provided in the earlier documents, the following list highlights selected examples from the most recent update (IDB.23/12):

**November/December 2000**

- UNIDO representation at GEF Council meeting;
- Decision to authorize executing agencies with expanded opportunities to access GEF funds for full-scale projects (in addition to preparatory phases as hitherto);
- GEF mission to Vienna to review terms of cooperation agreement;
- Approval of second phase of project on energy conservation and greenhouse gas emissions reduction in Chinese township-village enterprises ($7.4 million net budget).

**January-March 2001**

- UNIDO becomes member of GEF Inter-Agency Task Force on POPs;
- UNIDO participation invited in drafting GEF Council document on POPs;
- GEF requests UNIDO to take lead in preparing GEF POPs by-products strategy;
- GEF to consider funding up to 12 UNIDO projects per year (subject to availability of UNIDO supplementary resources);
- Six UNIDO project concepts informally submitted;
- GEF mission to UNIDO to finalize draft financial procedures agreement;
- UNIDO participation in GEF-UNEP information-sharing and data exchange workshop;
- Second phase of development and promotion project for strategy for GEF-fundable activities;
- Submission of project proposal for development of national strategy and implementation plan for POPs in China.

## III. ACTION REQUIRED OF THE BOARD

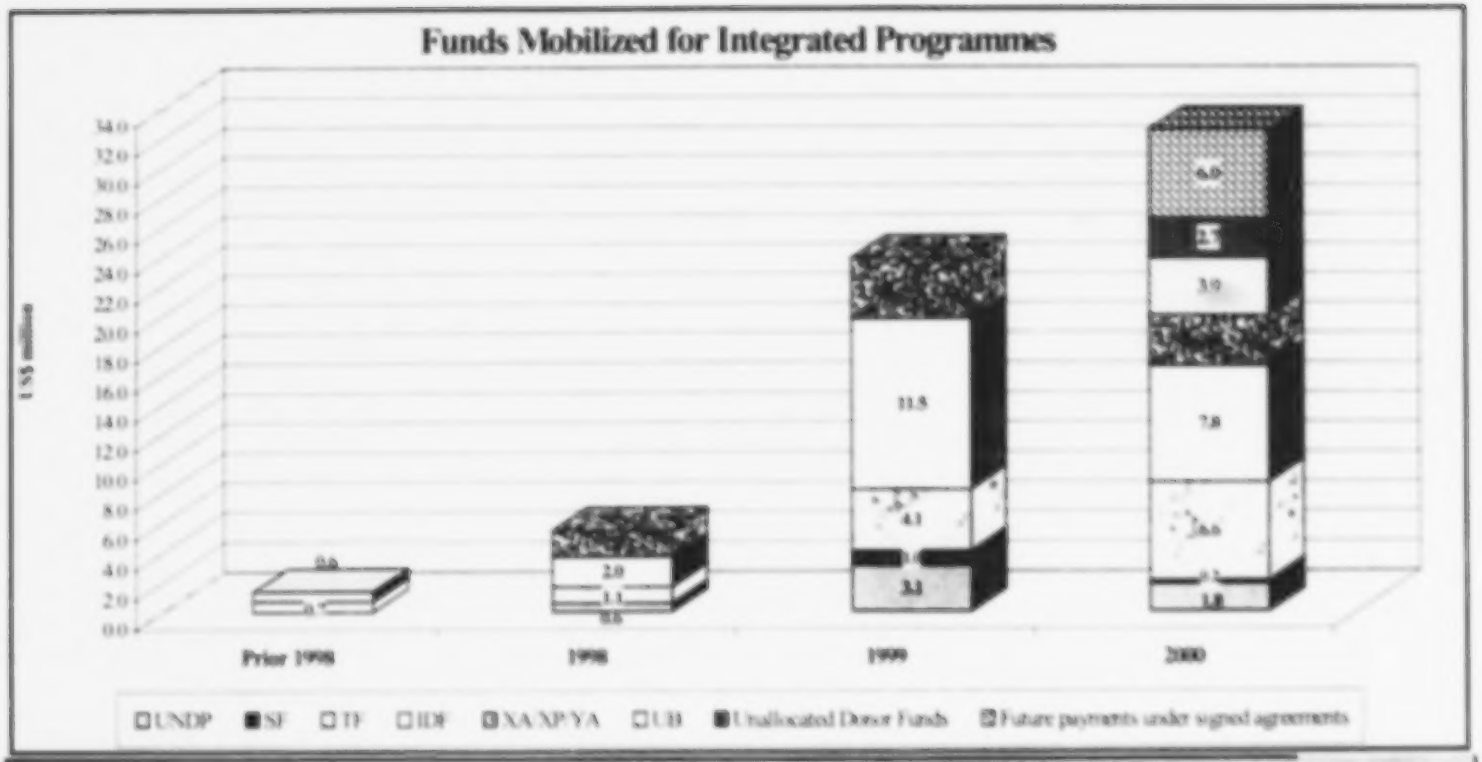
6. The Board may wish to take note of the information provided in the present document.

## Annex I

### Status of integrated programme—30 April 2001
### (in US$ including support costs)

| Region | Programme for | Current planning figures (including 13% support costs) | Total funds available | Open for funding |
|---|---|---|---|---|
| AFRICA | Burkina Faso | 4 419 667 | 2 578 411 | 1 841 256 |
| | Côte d'Ivoire | 5 359 364 | 960 179 | 4 399 185 |
| | Eritrea | 7 594 730 | 1 723 282 | 5 871 448 |
| | Ethiopia | 10 506 503 | 7 153 046 | 3 353 457 |
| | Ghana | 5 669 945 | 3 535 804 | 2 134 141 |
| | Guinea | 3 359 603 | 1 662 947 | 1 696 656 |
| | Madagascar | 4 520 000 | 0 | 4 520 000 |
| | Mali | 5 871 655 | 543 620 | 5 328 035 |
| | Mozambique | 9 936 655 | 3 974 603 | 5 962 052 |
| | Nigeria | 14 325 010 | 1 138 560 | 13 186 450 |
| | Rwanda | 5 571 917 | 1 914 467 | 3 657 450 |
| | Senegal | 8 834 340 | 2 338 343 | 6 495 997 |
| | United Republic of Tanzania | 7 760 681 | 3 932 811 | 3 827 870 |
| | Uganda | 7 291 325 | 4 790 182 | 2 501 143 |
| **Subtotal** | | **101,021,395** | **38,246,255** | **64,775,140** |
| ASIA AND PACIFIC | Iran, Islamic Republic of | 8 292 505 | 71 278 | 8 221 227 |
| | Lao PDR | 1 056 550 | 53 250 | 1 003 300 |
| | Nepal | 2 328 930 | 289 000 | 2 039 930 |
| | Pakistan | 6 816 386 | 207 950 | 6 608 436 |
| | Sri Lanka | 14 565 361 | 4 000 694 | 10 564 667 |
| | Thailand | 3 794 879 | 594 691 | 3 200 188 |
| **Subtotal** | | **36,854,611** | **5,216,863** | **31,637,748** |
| ARAB | Algeria | 11 442 000 | 2 424 733 | 9 017 267 |
| | Egypt | 18 034 116 | 3 200 435 | 14 833 681 |
| | Jordan | 3 312 878 | 1 093 550 | 2 219 328 |
| | Lebanon | 6 735 365 | 719 201 | 6 016 164 |
| | Morocco | 9 723 650 | 3 595 400 | 6 128 250 |
| | Palestine | 3 877 334 | 1 486 189 | 2 391 145 |
| | Saudi Arabia | 1 504 595 | 0 | 1 504 595 |
| | Sudan | 3 807 535 | 699 496 | 3 108 039 |
| | Tunisia | 7 558 510 | 2 899 867 | 4 658 643 |
| | Yemen | 1 820 543 | 258 671 | 1 561 872 |
| **Subtotal** | | **67,816,526** | **16,377,542** | **51,439,984** |
| EUROPE | Armenia | 1 932 413 | 260 417 | 1 671 996 |
| | Russian Federation (Bashkortostan) | 994 475 | 230 828 | 763 647 |
| | Russian Federation (federal level) | 2 324 609 | 555 155 | 1 769 454 |
| | Russian Federation (Komi) | 1 134 075 | 378 623 | 755 452 |
| | Russian Federation (Moscow) | 1 402 462 | 207 632 | 1 194 830 |
| | Russian Federation (St. Petersburg) | 2 357 052 | 181 153 | 2 175 899 |
| | Tajikistan | 2 411 380 | 0 | 2 411 380 |
| | Uzbekistan | 2 958 340 | 348 500 | 2 609 840 |
| **Subtotal** | | **15,514,806** | **2,162,308** | **13,352,498** |
| LATIN AMERICA AND CARIBBEAN | Bolivia | 4 503 276 | 470 409 | 4 032 867 |
| | Brazil | 6 300 680 | 26 000 | 6 274 680 |
| | Colombia | 1 754 890 | 487 478 | 1 267 412 |
| | Cuba | 6 114 430 | 1 088 032 | 5 026 398 |
| | Guatemala | 10 354 981 | 3 401 941 | 6 953 040 |
| | Honduras | 5 541 294 | 284 050 | 5 257 244 |
| **Subtotal** | | **34,569,551** | **5,757,910** | **28,811,641** |
| **Grand Total** | | **255,776,889** | **65,760,878** | **190,016,011** |

Annex II




| Source of funds | Prior 1998 | US$ excluding project support costs 1998 | 1999 | 2000 | TOTAL |
|---|---|---|---|---|---|
| UNDP | | 571,500 | 3,061,550 | 1,826,703 | **5,459,753** |
| Self-financed Trust Fund | | | 986,219 | 247,034 | **1,233,253** |
| Third-party financed Trust Fund | 730,006 | 1,099,257 | 4,124,931 | 6,580,323 | **12,534,517** |
| Industrial Development Fund | 640,300 | 2,026,357 | 11,451,415 | 7,807,672 | **21,925,744** |
| Regular Budget (XA/XP/YA) | | 1,700,552 | 4,075,267 | 3,366,114 | **9,141,933** |
| UB Unutilized balance | | | | 3,876,503 | **3,876,503** |
| Increase in unallocated donor funds for integrated programmes | | | | 2,726,305 | **2,726,305** |
| Future payments under signed agreements | | | | 6,011,316 | **6,011,316** |
| **Total** | **1,370,306** | **5,397,666** | **23,699,382** | **32,441,970** | **62,909,324** |

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United Nations Industrial Development Organization

# Industrial Development Board

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Item 5 of the provisional agenda

## PROGRAMME AND BUDGETS, 2002-2003

### Programme framework

Report by the Director-General

Addresses the request of the Programme and Budget Committee as contained in conclusion 2001/3, including more details concerning the changes proposed to the programme framework as outlined in document PBC.17/3.

### Introduction

1. The Programme and Budget Committee at its seventeenth session adopted conclusion 2001/3 on the proposed programme and budgets, 2002-2003. The Committee, inter alia, requested the Director-General to submit to the twenty-fourth session of the Industrial Development Board more details concerning the changes proposed to the programme framework as outlined in document PBC.17/3, taking into account the comments made by Member States, and their implications for the UNIDO budget as a whole, in particular on activities related to technical cooperation, in order to facilitate clarity and transparency. It also urged the Director-General to seek to identify efficiencies in order to maximize the impact of UNIDO's available resources. Finally, the Committee expressed its concern at the negative growth in the operational budget and the reduction of Major Programmes C and D, which constitute the core activities of UNIDO, and urged the Secretariat and Member States to do their utmost to reverse this trend. The present document is submitted in line with the mandate of Programme and Budget Committee conclusion 2001/3.

### Reduction of the number of service modules (IDB.24/3, para. 13)

2. The reduction of the number of service modules from 16 to 8 does not imply a reduced volume of technical cooperation. The reduction in the expected volume of technical cooperation activities is caused by factors independent of the grouping of service modules. The streamlining of service modules is meant to enhance focus and integration, and elimination of remaining overlaps/duplications of services provided by UNIDO in such a way to align UNIDO services with international development targets as envisaged in the Millennium Declaration. The streamlining was accomplished by merging existing service modules, taking into account the field of activities and knowledge. The ongoing integrated programmes are thus not affected.

3. The reduction was also intended to introduce better alignment with the new organizational structure where there are eight technical branches in the two technical divisions.

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**New initiatives and discontinued activities** (IDB.24/3, paras. 11 and 15)

4. New initiatives have been the subject of informal information provided to Member States on recent occasions. One new initiative relates to the strengthening of quality, metrology and certification systems in countries to enable them to participate in international trade, with emphasis on agro-related products. This initiative integrates several services. This was also as proposed as one "deliverable" during LDC III in May 2001 and included in the database for the Conference. In the area of technology, technology management has been initiated in addition to technology foresight. The intention is to pursue technology management as an organized discipline. UNIDO has just organized a conference on technology management with a focus on the Arab region, which will be followed by technical cooperation activities both at regional and national levels. In the environment field, UNIDO is increasing its activities under GEF (POPs, international waters and energy efficiency) and this activity is expected to grow considerably in the coming years. Finally, several strategic research activities are being initiated in partnership with reputed universities, and to support these and other activities the office of strategic research has been created under Programme B.1 (Executive Direction and Management). All these activities will be carried out within available resources.

5. At the same time, some traditional activities will be discontinued taking into account available limited human resources and relative priority. Statistics-related technical cooperation activities under Programme C.1 (Industrial Governance and Statistics) will be discontinued. Under Programme D.3 (Montreal Protocol), UNIDO will minimize its role in the aerosol sector. In this sector, only projects that are already in the pipeline and targeting countries in dire need of assistance will be considered in 2002. Other than these specific activities, the scale of ongoing activities will be contained within available resources by more rational assignment of staff and achievement of synergies.

**Reductions to Major Programmes C and D** (IDB.24/3, paras. 26 and 27)

6. The programme and budgets for 2002-2003 are presented under a no-growth regular budget and a negative-growth operational budget scenario. The main reason for the decline in the operational budget is the reduced level of expected technical cooperation delivery in 2002-2003, as explained in document PBC.17/CRP.7. The operational budget is derived mainly from support cost reimbursements from technical cooperation activities; therefore, most of the operational budget resources are allocated to Major Programmes C and D, which are directly involved in technical cooperation activities. This means that, when operational budget income is reduced, operational budget resources allocated to Major Programmes C and D have to be reduced.

7. However, it should be noted that a significant part of the resources of Major Programme E (Regional Programme) are dedicated to the delivery of technical cooperation. Most of the 20 posts in the regional offices (€5.2 million) are technical in nature and directly contribute to the implementation of Major Programmes C and D. RPTC and IDDA resources allocated to the Regional Programme (€2.8 million) are also used directly for programme formulation and implementation. Through alignment of the resources under the Regional Programme with those under Major Programmes C and D, efforts will be made to maintain, and even to enhance, the substantive delivery capacity of the Organization in the 2002-2003 biennium.

8. It should also be noted that, while budgeted resources for Major Programmes C and D are reduced, actual resources available for those major programmes may actually be higher in 2002-2003 in comparison to 2000-2001. As chart 3 of PBC.17/CRP.7 shows, the actual level of technical cooperation delivery for 2000-2001 is estimated at $158.3 million (compared to the budgeted level of $218 million), and the expected delivery for 2002-2003 is $185 million. Should this materialize, the Secretariat expects that more operational budget resources will be actually available for Major Programmes C and D than in the current biennium, particularly in the form of a lower vacancy rate for those major programmes. Indeed, the Professional staffing level of these corresponding divisions has been increasing since mid-2000 (110 in June 2000, 112 in June 2001 and 118 expected in December 2001), and this trend is likely to continue. The ongoing external recruitment for 16 posts (most of them technical) is a further step in this direction.

**Technical cooperation and global forum activities** (IDB.24/3, para. 14)

9. As pointed out in the programme and budget proposals, technical cooperation and global forum activities are integrated in the delivery of UNIDO services. While global forum activities are separately shown under each programme in the proposed programme and budget document, it should be emphasized that global forum activities are not carried out at the expense of technical cooperation activities. There is a complementary, mutually reinforcing and supporting relationship between the two types of activities. A recent review suggests that resources spent for global forum activities have been reduced significantly over the last 10 years, and for 2000, less than $1 million was used for major global forum activities. The Secretariat is endeavouring to maintain a proper balance between the two activities,

taking into consideration their mutually reinforcing and supporting nature.

**Efficiency savings** (IDB.24/3, paras. 28-30)

10. Continued and intensive efforts to achieve efficiency savings, particularly in Major Programmes F (Administration), G (Buildings Management) and H (Indirect Costs), have resulted in the reduction of total net resources of those major programmes (by 7.6 per cent before recosting). The efficiency savings are used for Major Programmes C, D and E to reduce the negative impact of the reduction of the operational budget resources for these major programmes.

11. As for Major Programme F (Administration), it should be emphasized that it contains service functions that provide direct support to the delivery of technical cooperation activities, such as recruitment of project personnel, procurement of project equipment and financial management of technical cooperation. These functions could be considered as part of Major Programmes C and D. Indeed, until 1996-1997, UNIDO had a major programme for technical cooperation support that provided these service functions. Administration has been severely downsized over the years. While essential administrative services are still provided, the quality of the services has been affected. Further reduction in Administration would directly and certainly undermine technical cooperation delivery capabilities.

12. Efficiency improvement efforts in Administration during the last two years include the following. The number of staff in Human Resource Management has been reduced from 40 at the beginning of 1999 to 32 in May 2001. Human Resource Management has coped with this reduction by, for instance, streamlining entitlements and lump sum payments. The number of staff in Financial Services has been reduced from 54 at the beginning of 1999 to 45 in May 2001. This reduction has created enormous pressure on staff, particularly in connection with the introduction of the euro and the new financial performance control system. The quality of work has been negatively affected. Finally, the number of staff in General Services has been reduced from 41 at the beginning of 1999 to 36 in May 2001. General Services has coped with the reduction by improved efficiency, for example in the area of management of travel and logistics.

13. Under Major Programme G (Buildings Management), significant savings have been achieved and the proposed expenditure level represents a reduction of 8.1 per cent over the 2000-2001 biennium. The total amount budgeted for Major Programme H (Indirect Costs) is reduced by 14.2 per cent, mainly due to a reduction in the UNIDO contribution to Buildings Management.

14. The Secretariat is continuing its efforts to identify further efficiency savings, and sustained efforts will be continued to realize efficiency savings during the implementation of the proposed programme and budgets, 2002-2003.

15. In Major Programme F, the second sentence of paragraph 28 in document IDB.24/3 should read as follows: "An increase in the share of Administration in the total budget from 14.3 per cent to 14.4 per cent results from the transfer of institutional relations activities from Major Programme B (General Management)."

## ACTION REQUIRED OF THE BOARD

16. The Board may wish to take note of the information provided in the present document.

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United Nations Industrial Development Organization

ORIGINAL: ENGLISH

# Industrial Development Board

Twenty-fourth session
Vienna, 19-22 June 2001
Item 14 of the provisional agenda

## PREPARATIONS FOR THE NINTH SESSION OF THE GENERAL CONFERENCE

Report by the Director-General

Provides general information on the organization of the work of the General Conference, including a draft provisional agenda of its ninth session.

### Introduction

1. The General conference of UNIDO is the principal organ of the Organization, consisting of representatives of all Members (Articles 7.1 and 8.1 of the Constitution). The main functions of the Conference are stipulated in Article 8.3 of the Constitution. In particular, the Conference should determine the guiding principles and the policies of the Organization. Unless it decides otherwise, the Conference is to hold a regular session every two years, at the seat of the Organization (Article 8.2). The last regular session (eighth) of the Conference was held in Vienna from 29 November to 3 December 1999.

### I. BACKGROUND INFORMATION

#### A. Date and place of the Conference

2. At its eighth session, in decision GC.8/Dec.20, the Conference decided that its ninth session should be held in Vienna from 3 to 7 December 2001. In this connection, as for previous sessions, the Austrian Federal Government has placed at the disposal of UNIDO conference facilities at the Austria Center Vienna (ACV) free of charge for meetings that cannot be accommodated by the conference facilities of the Vienna International Centre.

#### B. Office space for delegations

3. Office space for delegations and their permanent missions required during the ninth session of the Conference can be rented in the ACV. Delegations wishing to rent such offices are invited to contact, as soon as possible, Ms. Alice Baar, Director of Organization Department, ACV (telephone 260 69, ext. 2323).

#### C. Budgetary matters

4. The resources available for holding the ninth session of the Conference, as provided for in the programme and budgets of UNIDO, 2000-2001, total $ 1,142,000. The budget of the Conference is based on the following assumptions:

(a) The session will last five working days providing for 10 plenary meetings, four main committee meetings and five geographical group meetings;

(b) Interpretation for plenary and main committee meetings and documentation will be provided in six languages (Arabic, Chinese, English, French, Russian and Spanish);

(c) Summary records, which will be provided for plenary meetings as well as meetings of the main committee, will be issued—to the extent possible—in English during the session and the other five languages will be issued as soon as possible after the session.

For reasons of economy, this document has been printed in a limited number. Delegates are kindly requested to bring their copies of documents to meetings.

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### D. Agenda

5. In accordance with Article 9.4 (g) of the Constitution, the Board prepares the provisional agenda for each session of the General conference. Rule 13 of the rules of procedure of the Conference provides guidelines for the contents of the provisional agenda of a regular session of the Conference. Furthermore, in accordance with rule 12 of those rules of procedure, the Board shall prepare that provisional agenda on the basis of a list of items submitted to it by the Director-General.

6. Annotations indicating briefly the history of each item, the proposed documentation, the substance of the matter to be discussed and earlier relevant decisions by the conference or other organs of the Organization will be issued following the twenty-fourth session of the Board.

7. The draft provisional agenda for the ninth session of the Conference is contained in the annex to the present document, together with an indication of relevant mandates for the items.

### E. Documentation

8. In accordance with rule 23 of the rules of procedure of the Conference, documents required for consideration of items on the provisional agenda shall be distributed by the Director-General in all languages of the Conference to all recipients of the provisional agenda, as far as possible at the same time as the provisional agenda (ninety days before the opening date) and in any event not later than forty-five days before the opening date of a regular session.

## II. ORGANIZATION OF THE WORK OF THE CONFERENCE

9. During the ninth session, it is planned to hold an industrial development forum that would enable Member States to express their views on a topic to be announced in due course.

10. In addition, it will be recalled that, at its previous sessions, the Conference established a main committee to which it allocated a number of agenda items. The Board may wish to recommend to the Conference a similar procedure for its ninth session, keeping in mind that the possibility of creating additional committees is constrained by the limited resources available (see para. 4 above). Items 7 to 17 of the draft agenda would thus be referred to the main committee for a more focused debate aimed at the preparation of consensus draft decisions and resolutions for submission to the plenary.

***3 December***

a.m. 1st plenary meeting

Opening of session, consideration of agenda items 1-5

p.m. 2nd plenary meeting

Opening of forum; agenda item 9

***4 December***

a.m. 3rd plenary meeting

Agenda item 9, forum continued

p.m. 4th plenary meeting

Agenda item 9, closure of forum

***5 December***

a.m. 5th plenary meeting

General debate

Main Committee

Consideration of draft decisions/resolutions on agenda items 7 to 17

p.m. 6th plenary meeting

General debate

Main Committee

Consideration of draft decisions/resolutions on agenda items 7 to 17

***6 December***

a.m. 7th plenary meeting

General debate

Main Committee

Consideration of draft decisions/resolutions on agenda items 7 to 17

p.m. Main Committee

Consideration of draft decisions/resolutions on agenda items 7 to 17

***7 December***

a.m. 8th plenary meeting

Adoption of draft decisions/resolutions emanating from the Main Committee and others

p.m. 9th plenary meeting

Adoption of draft decisions/resolutions emanating from the Main Committee and others; closure of the General Conference

11. The work of the previous sessions was also facilitated by setting up, under the guidance of the President of the Board, informal consultations for the preparation of the Conference. Such an informal group, composed of representatives of permanent missions to UNIDO in Vienna, has met prior to previous Conferences and has prepared a report to the Conference containing recommendations that cover most of the items on the agenda as well as organizational matters.

## III. ACTION REQUIRED OF THE BOARD

12. The Board may wish to consider adopting the following decision:

"The Industrial Development Board:

"(a) Takes note of the information provided in document IDB.24/21;

"(b) Adopts the following agenda for the ninth session of the General Conference:

[...]

"(c) Agrees to hold a forum within the framework of the General Conference (provisional agenda item 9);

"(d) Recommends to the Conference that items 7 to 17 of the provisional agenda be allocated to a main committee of the Conference;

"(e) Recommends that, in the light of experience gained in the preparation of previous sessions of the Conference, the President of the twenty-fourth session of the Industrial Development Board conduct informal consultations for the preparation of the ninth session of the Conference."

**Annex**

## DRAFT PROVISIONAL AGENDA FOR THE GENERAL CONFERENCE, NINTH SESSION

| | | Mandate |
|---|---|---|
| 1. | Opening of the session | Rule 34 |
| 2. | Election of officers | Rule 35 |
| 3. | Adoption of the agenda | Rule 17 |
| 4. | Organization of work | Rules 44-47 |
| 5. | Credentials of representatives to the Conference | Rule 28 |
| 6. | Elections to organs | Rule 102 |
| | (a) Industrial Development Board; | Constitution, Article 9.1 |
| | (b) Programme and Budget Committee | Constitution, Article 10.1 |
| 7. | Annual reports of the Director-General on the activities of the Organization for 1999 and 2000 | Rule 13.1 (b) |
| 8. | Reports of the Industrial Development Board on the work of its twenty-second, twenty-third and twenty-fourth regular session | Constitution, Article 8.3(b)<br>Rule 13.1 (c) |
| 9. | Industrial development forum | Rule 13.1 (b)<br>(Submitted by Director-General - see para. 9 above) |
| 10. | Financial matters | |
| | (a) Scale of assessments of Member States; | Constitution, Article 15<br>Rule 13.1 (k) |
| | (b) Financial situation of UNIDO; | Rule 13.1 (l) |
| | (c) Working Capital Fund; | Financial regulation 5.4<br>PBC conclusion 2001/5 |
| | (d) Financial regulations; | Constitution, Article 8.3 (c)<br>PBC conclusion 2001/6 |
| | (e) Introduction of the euro; | PBC conclusion 2001/7 |
| | (f) Appointment of an external auditor | Financial regulation 11.1 |
| 11. | Medium-term programme framework, 2002-2005 | GC.2/Dec.23 (b)(vi)<br>GC.6/Dec.10<br>IDB.23/Dec.5 (b) |
| 12. | Programme and budgets, 2002-2003 | Constitution, Articles 8.3 (c) and 14<br>Rule 13.1 (i) |
| 13. | The regional dimension | GC.6/Res.5, para. 3<br>GC.6/Res.6, para. 2 |
| 14. | International Centre for Science and High Technology | Rule 13.1 (g)<br>(Proposed by Italy*) |
| 15. | Participation by UNIDO in the Vienna Convention on the Law of Treaties between States and International Organizations or between International Organizations of 21 March 1986 | Rule 13.1 (b)<br>(Submitted by Director-General*) |
| 16. | UNIDO Staff Pension Committee | GC.1/Dec.37 |
| 17. | Matters related to intergovernmental, non-governmental, governmental and other organizations | GC.1/Dec.41, annex |
| 18. | Appointment of the Director-General | Constitution, Article 11.2<br>Rule 103 |
| 19. | Date and place of the tenth session | Rule 13.1 (s) |
| 20. | Closure of the session | |

* Information to be circulated